

**Board of Finance  
Regular Meeting Minutes  
February 10, 2015**

**1. Call to Order:** Chairman Michael Dougherty called the meeting to order at 7:00pm.

**2. Roll Call:** Michael Dougherty, Ronald Cabana, Frederick Chmura, David Hosmer, Glen Lessig, George McCoy, David Fortin, David Richardson and Mark Shamber were present.

Absent: None

Others present: Treasurer Donna Stefanik, Clerk Christine French, Julie Woodland, Michael Bernardi, Wayne Durst, Kevin Withers, Ernest St. Jean, Dawn Adiletta, William French and a WINY reporter.

**3. Seat Alternate if Necessary:** None needed for this meeting.

**4. Approve Minutes from January 13, 2015 Regular Meeting:** George McCoy, seconded by Fred Chmura moved to accept the minutes of the January 13, 2015 Meeting. **Motion passed unanimously.**

**5. Review Grand List and Calculation:** David Fortin asked for an explanation of what fell under Real Estate exemptions in the report. Frederick Chmura explained that Real Estate exemptions included things such as elderly exemptions, disabled exemptions and farm exemptions. It did not include 490 exemptions.

**6. Open Space Presentation:** Dawn Adiletta explained that the Open Space Land Acquisition Commission and the State of Connecticut Department of Agriculture would like to purchase the development rights to the May Farm located in East Woodstock, near the Post Office. Ms. Adiletta further explained that this 111 acre parcel contains 75% prime agricultural land, and that it is still being actively farmed by a local farmer. The estimated cost for the Town of Woodstock is estimated \$75, 000.00, which funds are currently in the Open Space fund.

David Hosmer, seconded by Ronald Cabana, moved to recommend that the Board of Selectmen take this project to Town Meeting. **Motion was approved unanimously.**

**7. Old Business:**

**A. Updates on School Roofs:** David Richardson explained that he, Ms. Stefanik and the Board of Education's Business Manager Karen Munroe have been working on getting estimates on how much the roofs will cost and how much of the roof at both schools need to be replaced.

Ms. Stefanik explained to the Board of Finance that the bond counsel will provide the wording for the resolution after the date of the Town Meeting has been chosen. After that the Board of Selectmen, the Board of Finance and possibly the Planning and Zoning Commission must approve the resolution.

It was decided by the Board of Finance to have Michael Dougherty and Chairman of the Board of Education meet with First Selectman Allan Walker, and pick a date for the Town Meeting. Hopefully the resolution will be ready for the Board of Finance to meet at the March 3, 2015 meeting.

George McCoy and Michael Dougherty commended Donna Stefanik and David Richardson for all the hard work that went into furthering this project along.

**B. By Laws:** Chairman Michael Dougherty reminded Board members that the possibility of needing by-laws was brought up a year or so ago at a meeting. He wanted to know how the Board felt about this topic.

Some members of the Board felt that it would be a good idea to investigate the by-laws that other Town Boards and Commissions have, and to see what by-laws other Town's Board of Finances have. Other members of the Board felt that it was needless because state statutes govern the Board of Finance.

After much discussion David Hosmer, seconded by George McCoy, motioned to table this item.  
**Motion passed unanimously.**

**C. Audio & Video Update:** Human Resources manager, Julie Woodland was videotaping this meeting. She explained to the audience that she would be meeting with Savage System to learn more about how to upload the video to the website.

**D. Matching Funds Update on Camp Nahaco:** There was no representative from the Board of Selectmen to update this information.

**8. Review & Accept Fund Balance Policy:** Ms. Stefanik explained to the Board of Finance members that she put together this draft policy by studying General Fund Balance policies that were adopted by other GFOA member towns. Ms. Stefanik further explained that having a policy in place gives the Town a better bond rating, and that this draft policy has been approved by the auditors.

After some discussion it was decided to set the fund balance cap at 13% and to have the policy reviewed bi-annually.

David Hosmer, seconded by Ronald Cabana motioned to accept the General Fund Balance Policy as amended. **Motion passed unanimously.**

The policy adopted at this evening's meeting is attached below:

## **General Fund Balance Policy**

Town of Woodstock, CT

### **POLICY STATEMENT**

A positive fund balance serves three important functions:

1. Eliminates the need for short term borrowing to handle cash flow between the start of the fiscal year and receipt of revenue from taxes;
2. Can be periodically used to lower taxes to smooth out major fluctuations in the property tax rates;
3. Serves as a contingency fund that enables the Town to respond to unanticipated emergencies or opportunities.

Credit rating agencies determine the adequacy of the unreserved fund balance using a complex series of financial evaluations. The size of the fund balance is an important, but not the only consideration in the Town's rating. Other important factors are the reliability of a government's revenue sources, economic conditions, community wealth factors, cash position, debt ratios, management performance, and fiscal decisions made by the legislative body.

A town's ability to accurately plan and develop sufficient fund balance is a common characteristic of highly rated municipalities.

This policy is intended to provide for a fund balance which satisfies the cash flow and contingency needs of the community, supports our positive bond rating with the rating agencies, and at the same time avoid over taxing the citizens through an excessively large fund balance.

### **GOVERNMENTAL FUND TYPE DEFINITIONS**

- **General Fund** – all funds not reported in another fund
- **Special Revenue Funds** – Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt and capital projects. Restricted or committed revenues are the foundation for a special revenue fund.
- **Capital Project Funds** – Used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- **Debt Service Funds** – Used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, including resources being accumulated for principal and interest maturing in future years.
- **Permanent Funds** – Used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is for the benefit of the government or its citizenry. Permanent funds do NOT include private purpose trust funds.

### **FUND BALANCE DEFINITIONS**

- **Fund Balance** is the difference between the Town's current assets (cash, short-term investments, receivables) expected to be available to finance operations in the immediate future and its current liabilities and deferred inflows of resources.
- Fund balance is initially characterized as being restricted and unrestricted.
- **Unrestricted Fund Balance Categories**

**Unrestricted Fund Balance is the Total Fund Balance minus the Nonspendable minus the Restricted**

When expenditure is incurred for purposes for which committed, assigned, or unassigned amounts are available, the Town considers the fund balance to be spent in the following order: committed, assigned, and then unassigned.

- **Unassigned fund balance** – Amounts that are available for any purpose as defined in this policy; these amounts are reported only in the general fund. In other governmental funds, if expenditures incurred exceeded the amounts restricted, committed or assigned it may be necessary to report a negative unassigned fund balance.
- **Assigned fund balance**– Amounts the Town intends to use for a specific purpose; intent can be expressed by the Town or by an official or body to which the Town delegates the authority. Appropriations of existing fund balances to future budgets are considered assigned fund balance. The Town shall not report an assignment that will result in deficit in unassigned fund balance. Negative fund balances cannot be considered assigned.

The body authorized to assign amounts to a specific purpose for purposes of this policy is the Board of Finance.

- **Committed fund balance**– Amounts constrained to specific purposes by the Town itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purposes unless the government takes the same highest-level action to remove or change the constraint.

The decision making authority for purposes of this policy is the Board of Finance.

- **Restricted Fund Balance Categories**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers the restricted fund balance amount to have been spent first until exhausted and then any available unrestricted fund balance.

- **Restricted Fund Balance Categories** are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation
- **Nonspendable fund balance**– Amounts that cannot be spent because they are (a) not in spendable form (such as inventory, prepaid items, long term portions of notes receivables), or (b) legally or contractually required to be maintained intact (such as the corpus of an endowment fund).

## **GUIDELINES**

The Board of Finance shall propose annual budgets that provide for an unassigned general fund balance of not less than eight (8) percent or more than thirteen (13) percent of the total operating general fund expenditures.

In the event the unassigned fund balance is greater than thirteen (13) percent at the end of any fiscal year, the excess may only be used in one or a combination of the following ways:

1. Transfer such excess to the Debt Service Fund for future debt payments.
2. Transfer such excess to the Capital or Nonrecurring Fund for future capital projects.
3. Use directly to reduce the tax rate in the subsequent year provided that care is taken to avoid a major fluctuation in the tax rate in succeeding years.

As a general rule, unassigned fund balance in the general fund should represent no less than one month of operating revenues or operating expenditures (whichever is less volatile).

The following circumstances may justify a significantly higher minimum target levels:

- Significant volatility in operating revenues or operating expenditures;
- Potential drain on resources from other funds facing financial difficulties;
- Exposure to natural disasters (e.g. hurricanes);
- Reliance on a single corporate taxpayer or upon a group of corporate taxpayers in the same industry;
- Rapidly growing budgets; or
- Disparities in timing between revenue collections and expenditures.

Annually, the Board of Finance shall monitor and modify the minimum fund balance requirements based on the above mentioned criteria.

The use of unassigned fund balance will be allowed under the following circumstances:

- Operating emergencies
- Unanticipated budgetary shortfalls

If at the end of a fiscal year, the unassigned fund balance falls below eight (8) percent the Board of Finance shall prepare and submit a plan for expenditure reductions and or revenue increases. The Board of Finance shall take action necessary to restore the unassigned fund balance to acceptable levels determined by this policy.

*This policy is subject to review on a biannual basis in the months of June and December. This will ensure that newly elected officials will have a chance to review and vote on the fund balance policy. The Board of Finance is responsible to lead the review process and shall collaborate with the Treasurer in that action.*

**Adopted: February 10, 2015**

**9. New Business:** George McCoy asked Ms. Stefanik how the snow removal budget was holding out. Ms. Stefanik informed the Board that it was diminishing.

**10. Citizens Participation:** Ernest St. Jean commented that the calcium chloride that is currently being used on the roads is eating up the cars.

**11. Correspondence & Announcements:** The quarterly reports for the Board of Education and the General Government were included in this month's Board packet.

David Fortin asked the Board of Education Chairman Michael Bernardi how their budget was holding up. Mr. Bernardi responded that the SPED department and the snow removal from the schools were hitting the budget hard. He also announced that the school has a new heating oil contract, with the price of oil locked in at \$2.28 a gallon. He is not sure if there is a cancellation fee in regards to the former oil contract.

David Fortin is also concerned with the rise in kilowatt usage at both schools. Mr. Bernardi explained that there are new computers and other equipment being used, and this may have added to the usage increase.

Chairman Michael Dougherty announced that the Board of Education will present its budget at the March 3, 2015 meeting, and that the General Government budget will be presented at the March 10<sup>th</sup> meeting. The combined budgets will be presented at the March 24, 2015 meeting.

**12. Adjournment:** David Hosmer, seconded by George McCoy motioned to adjourn at 8:02 pm. **Motion passed unanimously.**

Respectfully submitted,  
Christine G. French,  
Clerk.